

S E C T I O N

# 2

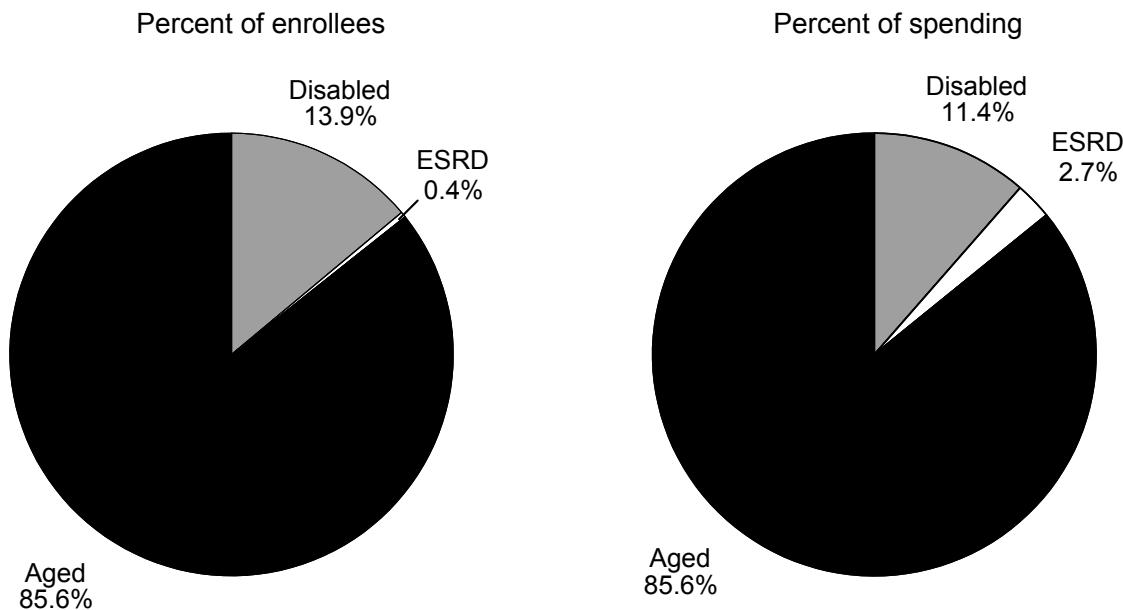
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## **Medicare beneficiary demographics**

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## **Chart 2-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2003**

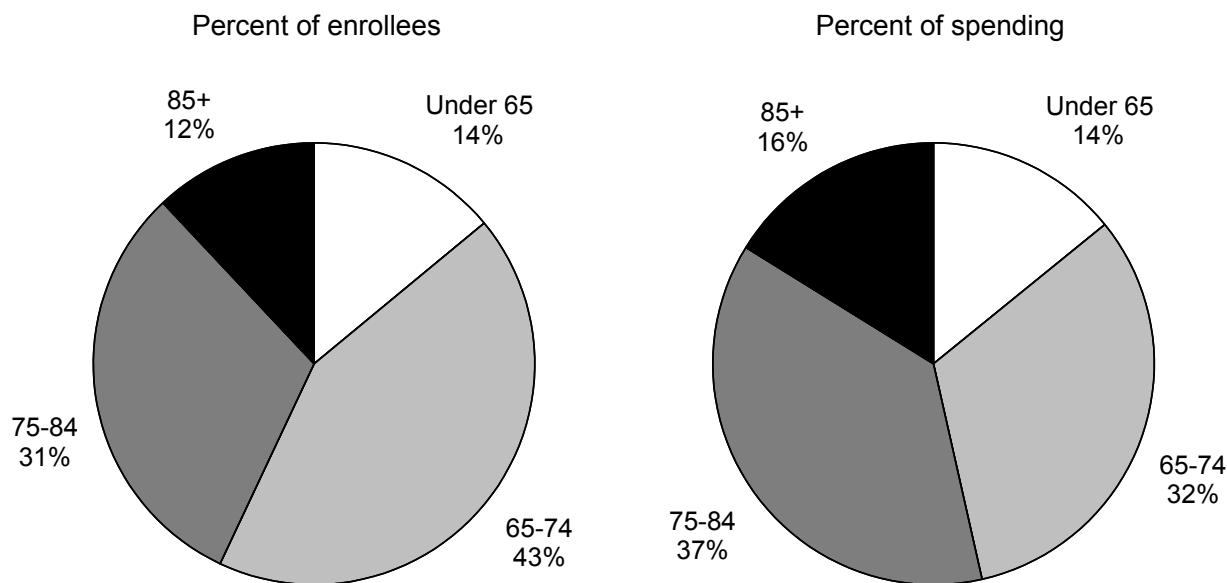


Note: ESRD (end-stage renal disease) refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 and older. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- The highest percentage of Medicare expenditures is for aged beneficiaries, reflecting their greater share of the Medicare population.
- A disproportionate share of Medicare expenditures is devoted to Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, ESRD beneficiaries cost at least five times as much as beneficiaries in other categories: \$6,367 is spent per aged beneficiary, \$5,419 per (non-ESRD) disabled beneficiary, and \$43,057 per ESRD beneficiary. On average, Medicare spending per beneficiary is \$6,602.

## Chart 2-2. Medicare spending rises as beneficiaries age, 2003

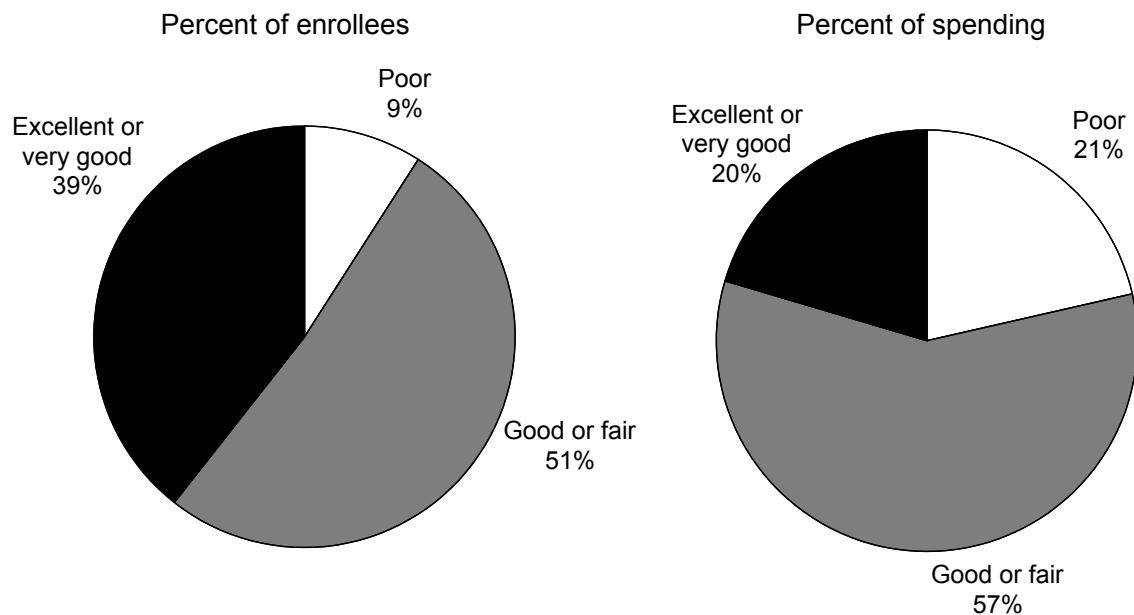


Note: Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Per capita expenditures increased by about \$2,000 for each age group over 65: Per capita expenditures were \$5,042 for those ages 65 to 74, \$7,789 for those 75 to 84, and \$9,243 for those 85 and older. Per capita expenditures for Medicare beneficiaries under age 65, enrolled due to disability (both end-stage renal disease and non-ESRD), were \$6,513. On average, Medicare spending per beneficiary was \$6,602.
- In each age group, much of the spending is concentrated among people with chronic conditions and those who die.

### **Chart 2-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2003**

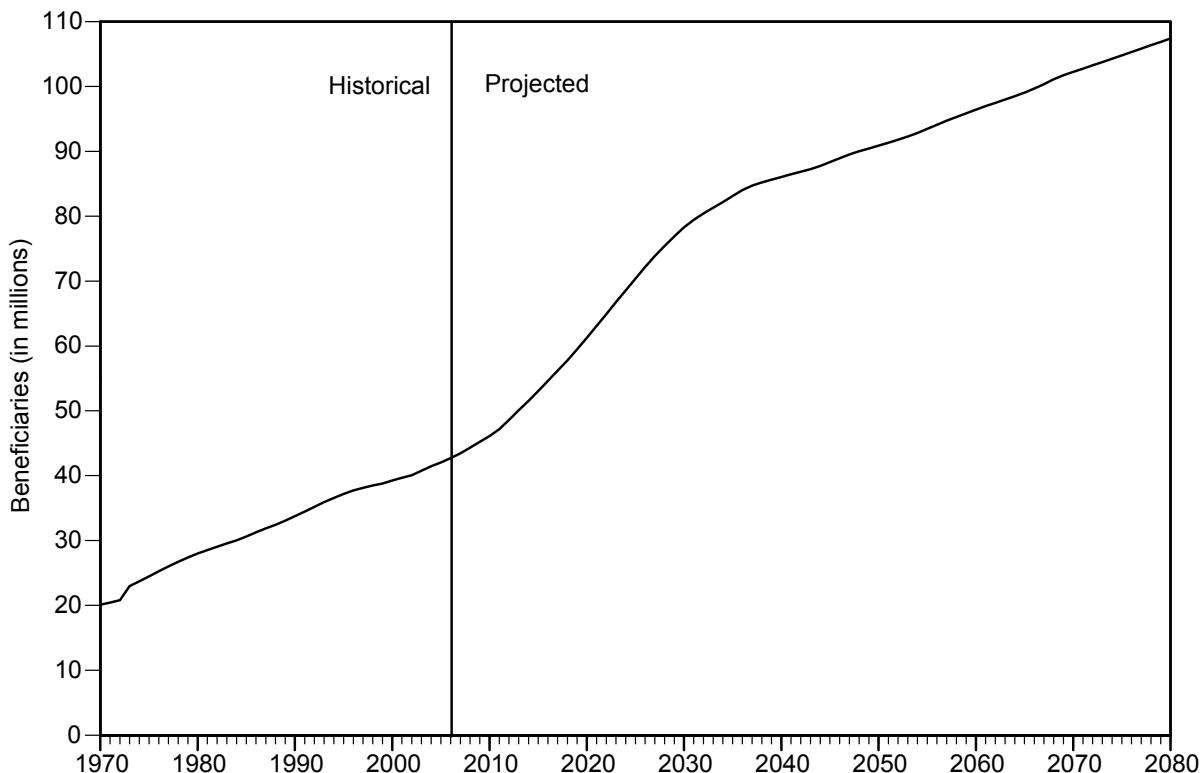


Note: Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Most beneficiaries report relatively good health. Less than 10 percent report poor health.
- Medicare spending is strongly associated with self-reported health status. Per capita expenditures for those with excellent health are \$3,455; \$7,478 for those with good or fair health; and \$14,689 for those with poor health. On average, Medicare spending per beneficiary is \$6,602.

## Chart 2-4. Enrollment in the Medicare program is projected to grow fastest in the next 30 years



Note: Enrollment numbers are based on Part A enrollment only. Beneficiaries enrolled only in Part B are not included.

Source: MedPAC analysis of the Social Security Administration 2006 Trustees Report, Intermediate Assumptions.

- The total number of people enrolled in the Medicare program will nearly double between 2000 and 2030, from about 40 million to 79 million beneficiaries.
- The rate of increase in Medicare enrollment will accelerate around 2010 when members of the “baby boom” generation start to become eligible and will slow around 2030 when the entire baby boom generation has become eligible.

## Chart 2-5. Characteristics of the Medicare population, 2003

Characteristic	Percent of the Medicare population	Characteristic	Percent of the Medicare population
<b>Total (41,808,391*)</b>	100%		
<b>Sex</b>		<b>Education</b>	
Male	44	No high school diploma	30%
Female	56	High school diploma only	30
		Some college or more	39
<b>Race/ethnicity</b>		<b>Income status</b>	
White, non-Hispanic	78	Below poverty	19
African American, non-Hispanic	10	100–125% of poverty	11
Hispanic	8	125–200% of poverty	21
Other	4	200–400% of poverty	29
		Over 400% of poverty	20
<b>Age</b>		<b>Supplemental insurance status</b>	
< 65	17	Medicare only	10
65–74	35	Managed care	13
75–84	32	Employer	33
85+	16	Medigap	21
<b>Health status</b>		Medigap/employer	4
Excellent or very good	37	Medicaid	16
Good or fair	53	Other	2
Poor	10		
<b>Residence</b>			
Urban	73		
Rural	27		
<b>Living arrangement</b>			
Institution	8		
Alone	29		
Spouse	44		
Other	19		

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2003, poverty was defined as \$8,825 for people living alone and as \$11,133 for married couples. Totals may not sum to 100 percent due to rounding.

\*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- The Medicare population tends to be female, white, between the ages of 65 and 84, in good or fair health, and living with a spouse. Most beneficiaries live in urban areas, have graduated from high school, and have some form of supplemental insurance coverage. Half have incomes under 200 percent of poverty.

## Chart 2-6. Characteristics of the Medicare population, by rural and urban residence, 2003

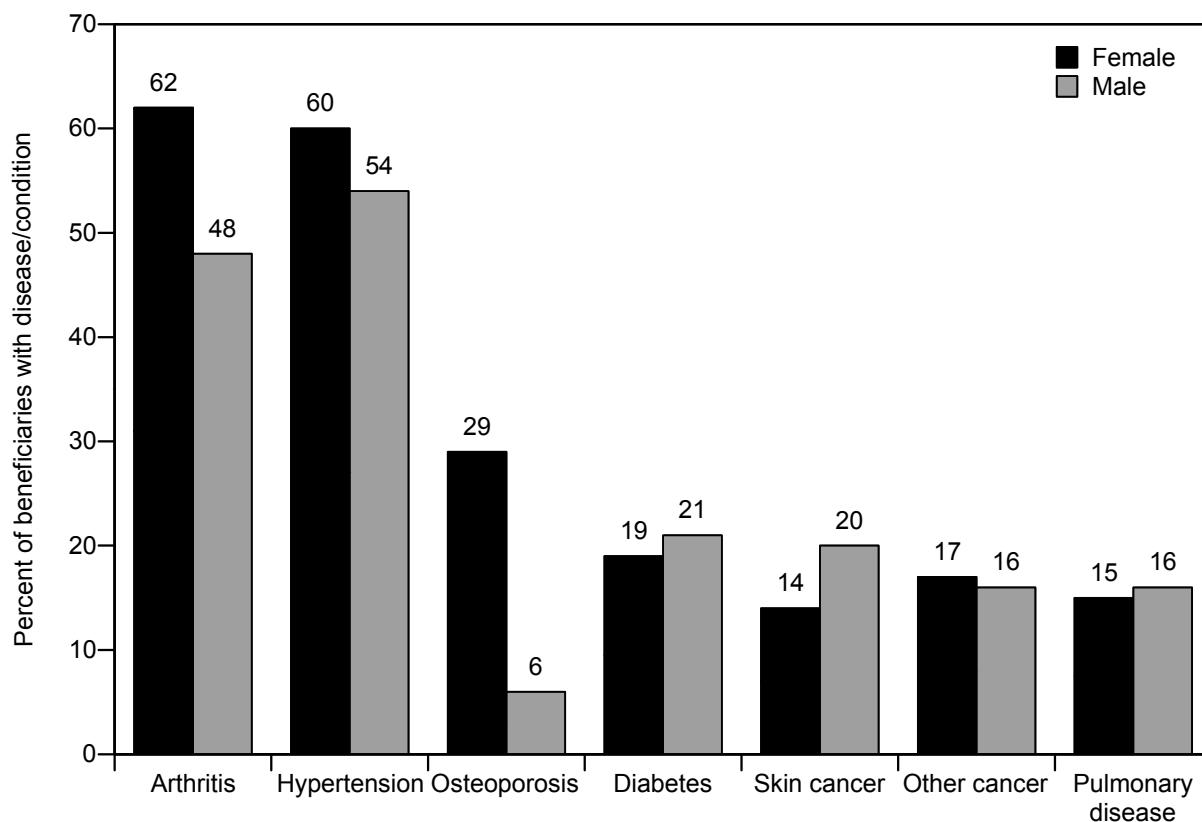
Characteristics	Percent of urban Medicare population	Percent of rural Medicare population
Total	100%	100%
Urban   73%		
Rural   27%		
Sex		
Male	44	46
Female	56	54
Race/ethnicity		
White, non-Hispanic	76	86
African American, non-Hispanic	10	7
Hispanic	9	3
Other	4	4
Age		
< 65	14	16
65–74	43	43
75–84	32	29
85+	12	11
Health status		
Excellent or very good	40	36
Good or fair	51	51
Poor	8	12
Income status		
Below poverty	15	19
100–125% of poverty	10	12
125–200% of poverty	20	23
200–400% of poverty	30	31
Over 400% of poverty	25	16

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2003, poverty was defined as \$8,825 for people living alone and as \$11,133 for married couples. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2003.

- Close to one-fourth of all beneficiaries reside in rural areas.
- Rural Medicare beneficiaries are more likely to be white (86 vs. 76 percent), to report being in poor health (12 vs. 8 percent), and to have income below 125 percent of poverty (31 vs. 25 percent), compared to urban beneficiaries.

## Chart 2-7. Arthritis and hypertension are the most common diseases reported by Medicare beneficiaries, 2002



Source: CMS, Office of Research, Development, and Information.

- Arthritis, hypertension, osteoporosis, and diabetes are among the most prevalent chronic conditions reported by Medicare beneficiaries.
- Female beneficiaries live longer, and the risk of chronic disease increases with age. Female beneficiaries are more likely than male beneficiaries to have arthritis, hypertension, or osteoporosis.

## **Web links. Medicare beneficiary demographics**

- The CMS Chart series provides a profile of Medicare beneficiaries.  
[http://www.cms.gov/TheChartSeries/downloads/Sec3b\\_p.pdf](http://www.cms.gov/TheChartSeries/downloads/Sec3b_p.pdf)
- The CMS Data Compendium contains historic, current, and projected data on Medicare enrollment.  
[http://www.cms.hhs.gov/DataCompendium/02\\_2003\\_Data\\_Compndium.asp#TopofPage](http://www.cms.hhs.gov/DataCompendium/02_2003_Data_Compndium.asp#TopofPage)
- The CMS website provides information on Medicare enrollment by state.  
<http://www.cms.hhs.gov/MedicareEnRpts>
- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.  
<http://www.cms.hhs.gov/mcbs/>